SAMKO TIMBER LIMITED
(Company Registration No. 200517815M)
(Incorporated in the Republic of Singapore)

PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

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1. INTRODUCTION

1.1 The board of directors (the "**Board**" or "**Directors**") of Samko Timber Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 2 October 2024 ("**Disposal Announcement**") relating to the proposed disposal of the issued and paid-up shares in the capital of the Company's subsidiaries as follows (the "**Proposed Disposal**"):

(a) 17,253,487 ordinary shares constituting 98.44% of the issued and paid-up share capital of PT Sumber Graha Sejahtera ("**PTSGS**");

(b) 3,860,000 ordinary shares constituting the entire issued and paid-up share capital of Samko Trading Pte. Ltd. ("**STPL**"); and

(c) 100,000 ordinary shares constituting the entire issued and paid-up share capital of Samko Forestry Pte. Ltd. ("**SFPL**" and together with PTSGS and STPL, the "**Sale Subsidiaries**").

1.2 Further to the Disposal Announcement, the Company is proposing to undertake, subject to the completion of the Proposed Disposal, a capital reduction exercise (the "**Proposed Capital Reduction**") be carried out by the Company pursuant to Section 78A read with Section 78C of the Companies Act 1967 of Singapore (the "**Companies Act**") and part of the estimated net proceeds from the Proposed Disposal (after deducting estimated expenses relating to professional fees to be incurred in connection therewith of approximately S$700,000) is approximately S$4,300,000 ("**Net Proceeds**") be returned to shareholders of the Company ("**Shareholders**") by way of a cash distribution (the "**Proposed Cash Distribution**").

1.3 The Company will be seeking approval from Shareholders for the Proposed Capital Reduction and Proposed Cash Distribution at an extraordinary general meeting of the Company to be convened ("**EGM**").

2. DETAILS OF THE PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

2.1 The Company is proposing to undertake the Proposed Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act. Section 78C of the Companies Act requires that a public company proposing to undertake a capital reduction exercise should, *inter alia*, obtain the approval of its shareholders at a general meeting by way of a special resolution to be tabled at such general meeting.

2.2 The Proposed Capital Reduction and Proposed Cash Distribution will involve:

(a) a reduction of the issued and paid-up share capital of the Company by the sum of S$3,300,000 (equivalent to approximately Rp40,075 million) from S$71,379,118.49 (equivalent to approximately Rp765,449 million) to S$68,079,118.49 (equivalent to approximately Rp725,374 million); and

(b) a cash distribution to Shareholders of the sum of S$3,300,000 (equivalent to approximately Rp40,075 million), being S$0.0004 for each Share held by a Shareholder as at a record date to be determined by the Directors.

2.3 As at the date of this announcement, based on records maintained by the Accounting and Corporate Regulatory Authority ("**ACRA**"), the Company has an issued and paid-up share capital of S$71,379,118.49 comprising 8,646,408,068 issued Shares. The Company did not have any outstanding convertibles, treasury shares or subsidiary holdings.

3. RATIONALE

The Directors are of the view that the Proposed Capital Reduction and the Proposed Cash Distribution is in the best interests of the Company as it will allow the Company (a) to distribute part of the Net Proceeds from the Proposed Disposal, which the Group does not require for its working capital, to Shareholders; and (b) to partly cancel issued and paid-up share capital of the Company no longer represented by available assets due to the loss on disposal of the Sale Subsidiaries.

4. CONDITIONS

The Proposed Capital Reduction and Proposed Cash Distribution is subject to, amongst others:

(a) the completion of the Proposed Disposal;

(b) the Directors making the Solvency Statement in relation to the Proposed Capital Reduction and compliance with other relevant solvency requirements as required by the Companies Act;

(c) the approval of the Shareholders by way of a special resolution for the Proposed Capital Reduction (that is, approval by a majority of not less than three-fourths of Shareholders present and voting) at the EGM, of which not less than 21 days' notice shall have been given;

(d) compliance with the relevant publicity requirements as prescribed in the Companies Act;

(e) no application having been made for the cancellation of the Shareholders' resolution approving the Proposed Capital Reduction by any creditor of the Company within the timeframe prescribed in the Companies Act, or if such application was made, the withdrawal or dismissal thereof by the judicial authorities; and

(f) the Company after the end of six weeks (but before the end of eight weeks) beginning with the date on which the Proposed Capital Reduction was approved by the Shareholders, lodging with ACRA:

    (i) a statement made by the Directors confirming that the requirements under Section 78C(1)(c) and Section 78C(3) (if applicable) of the Companies Act have been complied with, and that no application for cancellation of the resolution has been made; and

    (ii) a notice containing the Proposed Capital Reduction information.

5. FINANCIAL EFFECTS

The *pro forma* financial effects of the Proposed Disposal, the Proposed Capital Reduction and the Proposed Cash Distribution (collectively, the "**Proposed Restructuring**") on the Group as set out below are **for illustrative purposes only** and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Restructuring.

The *pro forma* financial effects of the Proposed Disposal set out below have been prepared based on (i) the Group's audited consolidated financial statements for FY2023; and (ii) the

Group's unaudited consolidated financial statements for 9M2024, and on the following bases and assumptions:-

(a) the expenses to be incurred in connection with the Proposed Restructuring are estimated to be approximately S$700,000;

(b) the financial effects on the consolidated NTL per Share is computed based on the assumption that the Proposed Restructuring was completed on 31 December 2023 and 30 September 2024, respectively;

(c) the financial effects of the Proposed Capital Reduction and the Proposed Cash Distribution on the paid-up capital of the Company, as well as on the NTL per Share and LPS of the Group takes into account the Proposed Cash Distribution of S$3,300,000 (equivalent to approximately Rp39,198 million);

(d) the financial effects on the consolidated LPS is computed based on the assumption that the Proposed Restructuring was completed on 1 January 2023 and 1 January 2024, respectively; and

(e) the financial effects on the gearing of the Group is computed based on the assumption that the Proposed Restructuring was completed on 31 December 2023 and 30 September 2024, respectively.

5.1 **Share Capital**

	No. of Shares		Paid-up capital (S$)	
	For FY2023	**For 9M2024**	**For FY2023**	**For 9M2024**
Before the Proposed Restructuring	2,408,171,095	8,646,408,068	45,942,621	64,441,817
After the Proposed Disposal but before Proposed Capital Reduction and Proposed Cash Distribution	2,408,171,095	8,646,408,068	45,942,621	64,441,817
After the Proposed Restructuring	2,408,171,095	8,646,408,068	42,568,760	61,141,817

5.2 **(NTL) / NTA**

	(NTL) / NTA (Rp'million)		No. of Shares		(NTL) / NTA per Share (Rp)	
	As of 31 December 2023	**As of 30 September 2024**	**As of 31 December 2023**	**As of 30 September 2024**	**As of 31 December 2023**	**As of 30 September 2024**
Before the Proposed Restructuring	(980,754)	(1,482,157)	2,408,171,095	8,646,408,068	(407)	(171)
After the Proposed Disposal but before Proposed Capital Reduction and Proposed Cash Distribution	(352,605)	111,795	2,408,171,095	8,646,408,068	(146)	13
After the Proposed Restructuring	(392,680)	72,597	2,408,171,095	8,646,408,068	(163)	8

5.3 **(LPS) / EPS**

	Loss attributable to the Shareholders (Rp'million)		Weighted average number of Shares		(LPS) / EPS (Rp)	
	For FY2023	**For 9M2024**	**For FY2023**	**For 9M2024**	**For FY2023**	**For 9M2024**
Before the Proposed Restructuring	(752,543)	(687,069)	2,408,171,095	8,577,856,013	(312)	(80)
After the Proposed Disposal but before Proposed Capital Reduction and Proposed Cash Distribution	(205,596)	(136,575)	2,408,171,095	8,577,856,013	(85)	(16)
After the Proposed Restructuring	(205,596)	(136,575)	2,408,171,095	8,577,856,013	(85)	(16)

5.4 **Gearing**

	Total debts (Rp'million)		Equity attributable to the owners of the company (Rp'million)		Gearing ratio (times)	
	For FY2023	**For 9M2024**	**For FY2023**	**For 9M2024**	**For FY2023**	**For 9M2024**
Before the Proposed Restructuring	3,093,619	3,268,807	(980,754)	(1,482,157)	Not meaningful	Not meaningful
After the Proposed Disposal but before Proposed Capital Reduction and Proposed Cash Distribution	-	-	(352,605)	111,795	Not meaningful	Not meaningful
After the Proposed Restructuring	-	-	(392,680)	72,597	Not meaningful	Not meaningful

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED DISPOSAL

As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Register of Directors' Shareholdings of the Company and the interests of Substantial Shareholder(s), as extracted from the Register of Substantial Shareholders' Shareholdings of the Company, are as follows:-

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	**%[(1)]**	**Number of Shares**	**%[(1)]**	**Number of Shares**	**%[(1)]**
Directors						
Eka Dharmajanto Kasih	-	-	-	-	-	-
Riko Setyabudhy Handoko	150,900,364	1.75	-	-	150,900,364	1.75
Michael Joseph Sampoerna	-	-	-	-	-	-
Meriana Ang	-	-	-	-	-	-
Ito Sumardi	-	-	-	-	-	-
Hadi Daryanto	-	-	-	-	-	-
Timotius	-	-	-	-	-	-

Substantial Shareholders						
Sampoerna Forestry Limited	-	-	5,872,194,930[2]	67.91[2]	5,872,194,930[2]	67.91[2]
Lin, Zhenlong	-	-	1,210,497,130[3]	14.00[3]	1,210,497,130[3]	14.00[3]

Notes:-

(1) Based on the total issued share capital of the Company as at the Latest Practicable Date of 8,646,408,068 Shares.

(2) Sampoerna Forestry Limited is deemed to be interested in the 5,872,194,930 ordinary shares held through and registered in the name its custodian, Raffles Nominees (Pte.) Limited.

(3) Lin, Zhenlong is deemed to be interested in the 1,210,497,130 ordinary shares held through and registered in the name his custodian, UOB Kay Hian Pte. Ltd.

Save as disclosed in paragraphs 3 and 5 of this announcement, as at the Latest Practicable Date, none of the Directors, controlling Shareholders or Substantial Shareholders or their Associates has any interest, direct or indirect, in the Proposed Capital Reduction and Proposed Cash Distribution, other than through their respective shareholdings in the Company.

9 EGM AND CIRCULAR TO SHAREHOLDERS

The circular which will contain, *inter alia*, the notice of EGM, the details of the Proposed Capital Reduction and Proposed Cash Distribution, will be despatched to the Shareholders in due course.

10 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Capital Reduction and Proposed Cash Distribution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

11 CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The Proposed Capital Reduction and Proposed Cash Distribution is subject to certain conditions and as at the date of this announcement, there is no certainty or assurance that the Proposed Capital Reduction and Proposed Cash Distribution will be completed. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer
9 January 2025